

JANUARY 25, 2024 09:34 AM (EST)

## AM Best Affirms Credit Ratings of Sveriges Ångfartygs Assurans Förening (The Swedish Club)

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### FOR IMMEDIATE RELEASE

AMSTERDAM - JANUARY 25, 2024 09:34 AM (EST)

**AM Best** has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of “a-” (Excellent) of Sveriges Ångfartygs Assurans Förening (The Swedish Club) (TSC or the Club) (Sweden). The outlook of these Credit Ratings (ratings) is negative.

These ratings reflect TSC’s balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

The negative outlook reflects ongoing pressure on the Club’s weakened operating performance and risk-adjusted capitalisation, as underwriting losses continue to erode the Club’s capital buffers. TSC has successively reported year-end technical losses over the five-year period from 2018 to 2022 (as calculated by AM Best), with record high losses reported in 2020 and 2021. Underwriting performance has improved in more recent years as a result of management actions; however, a modest underwriting loss is still expected for year-end 2023. AM Best notes that a negative rating action could occur if the Club fails to achieve a sustained improvement in risk-adjusted capitalisation or operating performance.

TSC’s balance sheet strength is underpinned by a risk-adjusted capitalisation, as measured by Best’s Capital Adequacy Ratio (BCAR), at the very strong level at year-end 2022, dropping from the strongest level at year-end 2021. Free reserves decreased in 2022, for the second year in a row, driven by unrealised investment losses, but are expected to partly recover in 2023 (year-end 2023 audited financial statements not yet available) as those losses unwind. As a result, AM Best projects an improvement in TSC’s BCAR over the period 2023-2025. Moreover, TSC maintains a good liquidity profile, with liquid assets representing 127% of net technical provisions at year-end 2022.

Historical operating performance has been volatile, with earnings varying from a profit after tax of USD 18.5 million (2019) to a loss after tax of USD 35.5 million (2021) over the 2018-2022 period. In 2022, the Club reported a technical loss of USD 2.8 million, translating into a combined ratio of 102% (2021: 129%). The year-on-year improvement was driven by profits reported in the hull and machinery (H&M) line of business, and a partial recovery in the P&I line of business despite a negative technical result. For 2023, AM Best expects TSC to report a similar technical loss. However, TSC is expected to report an overall profit for 2023, with significant investment results, as previous year unrealised losses unwind.

TSC maintains a well-diversified portfolio within the marine insurance market, offering H&M, and P&I types of cover, as well as benefits from membership in the International Group of P&I Clubs. TSC’s gross written premium increased by 15% in 2022, and AM Best expects further premium growth to be reported for 2023 and 2024 mainly as a result of the Club’s general rate increases for its P&I members.

**This press release relates to Credit Ratings that have been published on AM Best’s website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best’s [Recent Rating Activity](#) web page. For additional information regarding the use**

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AMB#	Company Name
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